[FULL COMMITTEE PRINT]

HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
VIEWS AND ESTIMATES

ON THE

BUDGET PROPOSED
FOR FISCAL YEAR 1991

SUBMITTED BY MR. WHITTEN, CHAIRMAN OF THE COMMITTEE ON APPROPRIATIONS, PURSUANT TO SECTION 301(d) OF THE CONGRESSIONAL BUDGET ACT OF 1974

TO THE

COMMITTEE ON THE BUDGET

together with

SUPPLEMENTAL VIEWS

MARCH 7, 1990

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Congress of the United States
House of Representatives
Committee on Appropriations
Washington, DC 20515

March 7, 1990

Honorable Leon E. Panetta
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Enclosed is the required report to the Budget Committee.

Ours is the Committee which has fully cooperated with you. However, I need to call to your attention, we are just about cooperated out -- we have cooperated in meeting budget targets until there is little, if any, room left to cooperate if we are to continue essential domestic programs. Nondefense discretionary domestic programs have been squeezed to the point where they will cease to be effective if further reductions are made. The time seems to have arrived when we both must put the basic needs of the people first.

We owe more than $3,000,000,000,000 -- the largest debt owed by any nation in history -- with more than $2,000,000,000,000 borrowed in the last ten years, to which is added the printing of additional money by the Federal Reserve System which has caused excessive inflation over the last ten years, and the sale of billions of dollars worth of assets in order to pay current operating expenses.

Appropriations bills were not where the problem was, nor is it now. Since 1945, the total of appropriations bills has been below budget requests by $173 billion. During that same period, entitlements and binding contracts, which are not discretionary, have increased by five times.

This is contrary to the main purpose of the Budget Act which was well described by our former colleague Dick Bolling in December 1973 on the Floor of the House, who, on behalf of the Rules Committee, laid out realistic guidelines for the budget process which are still valid today.

The process:

1. must be workable.

2. ... must not become an instrument for preventing Congress from expressing its will on spending policy.... or ... take away its power to act....

3. ... must not be used to concentrate the spending power in a few hands.... While ... necessary to establish new budget committees, they must not be given extraordinary power in the making of budget policies....

4. ... must ... not override the well-established appropriations process. Through its power of appropriations, Congress is able to maintain control over spending. That power has been exercised responsibly and effectively over the years and it should not be diluted by the imposition of a new layer of procedures.

5. ... must not load the congressional budget process with needless and questionable details.

It is obvious these guidelines have been violated again and again and the Budget Act simply hasn't worked like it was intended. In fact, it has had the opposite effect. What it was created to check, entitlements and back door spending, has increased 5 times. In addition, on many occasions, the delay in reaching agreement with the other body led to continuing resolutions, which many oppose.

In 1974 when the Budget Act was passed, nondefense discretionary outlays were 24 percent of the budget. The amount of nondefense discretionary outlays in the present budget has been reduced to 15 percent, a reduction of 37.5 percent since 1974.

We need to solve our economic problems and to protect our financial system -- but not at the expense of education, health, roads and bridges, housing, water systems, harbors, our dams -- all of which are investment spending, the benefits of which will last for years. This type of productive spending is essential for the continued development and protection of our Nation.

In the face of the present circumstances, to cut out or cut down from this year's level over 80 existing essential domestic programs, which the budget asks us to do, is unsound. A few of the programs and the proposed budget cuts include:

Federal Highway Programs (oblig.).	-$1,064,000,000
Amtrak.....	-605,000,000
EDA Grants.....	-189,000,000
EPA Sewage Treatment Construction.	-392,000,000
Assisted Housing.....	-588,000,000
Mass Transit Formula Grants.....	-548,000,000
Community Service Block Grants....	-363,000,000
Rural Housing Direct Loans.....	-883,000,000
Farm Ownership Loans.....	-394,000,000
Farm Insured Operating Loans.....	-400,000,000

The complete list of reductions, included in Appendix A, totals more than 80 projects and a total reduction of $13,000,000,000. To this problem is added day to day commitments by the Executive Branch to various foreign countries which, whatever the means used, make it necessary that we consider them.

In the long run, it is apparent that a distinction must be made between investment spending where the benefits will exist for years and other current spending.

We need billions of dollars more in discretionary budget authority and particularly in discretionary outlays simply to continue the recurring fiscal year 1990 appropriations. This would not provide for any new initiatives which must not be funded at the expense of important ongoing programs. It also does not include borrowings made by the Resolution Trust Corporation for the savings and loans bailout which we still owe even though it is not counted in setting off the sequester.

Our job is to keep the Government and the country running, and we must insist on such adjustment as may be required to keep our essential Government programs going.

We will appreciate the support of your Committee in this effort.

Sincerely,

Jamie L. Whitten

Chairman

COMMITTEE VIEWS AND ESTIMATES

IN MAKING OUR REPORT, WE MUST POINT OUT THE PRESENT SITUATION.

WE HAVE A NATIONAL DEBT OF OVER THREE TRILLION DOLLARS ($3,000,000,000,000), WITH A $2,000,000,000,000 INCREASE IN THE LAST 10 YEARS, THE LARGEST DEBT OF ANY NATION IN HISTORY. THIS COMES NOT BECAUSE OF EXCESSIVE CONGRESSIONAL APPROPRIATIONS, FOR SINCE 1945 WE HAVE HELD THE TOTAL OF APPROPRIATIONS BILLS $173,555,500,000 BELOW PRESIDENTIAL REQUESTS.

PROBLEMS WE FACE

DEALING WITH THIS DEBT, ALONG WITH ELIMINATING THE TRADE DEFICIT, WINNING THE WAR ON DRUGS, ADJUSTING TO THE RAPID CHANGES IN EASTERN EUROPE, AND FINDING WAYS TO BOOST PRODUCTIVE INVESTMENT SPENDING PRESENT THE CONGRESS AND THE NATION WITH SOME OF THE MOST SERIOUS DECISIONS WE HAVE HAD TO MAKE IN OUR HISTORY. WE MUST MEET THESE CHALLENGES IF WE ARE TO RETAIN OUR LEADERSHIP POSITION.

WITH TODAY'S DEBT, IT IS EASY TO SEE, LIKE AN INDIVIDUAL, WE MUST PRODUCE MORE THAN WE CONSUME AND EXPORT MORE THAN WE IMPORT IN ORDER TO EARN MORE THAN WE SPEND. THE WAY TO DO THIS IS TO INCREASE PRODUCTION AND TO RECOVER OUR DOMESTIC MARKETS AND OUR NORMAL SHARE OF FOREIGN MARKETS.

TO DO THIS, WE MUST REVERSE OUR COURSE.

WE MUST REHABILITATE AMERICA'S INDUSTRY, IMPROVE OUR EDUCATIONAL FACILITIES AND STRENGTHEN OUR EDUCATIONAL PROGRAMS, REPAIR OUR ROADS AND BRIDGES, REPAIR OUR WATERWAYS, AND STRENGTHEN OUR RESEARCH AND DEVELOPMENT EFFORTS -- ESPECIALLY IN EDUCATION AND IN HEALTH. WE MUST ALSO GAIN CONTROL OVER THE ILLEGAL DRUG PROBLEM AND CLEAN UP OUR ENVIRONMENT.

IN ADDITION, WE SEE MORE AND MORE FINANCIAL COMMITMENTS BEING MADE BY OUR LEADERS TO VARIOUS COUNTRIES IN ALMOST EVERY AREA OF THE WORLD.

IN ORDER TO MEET THESE AND OTHER NEEDS AND TO KEEP OUR GROWING INTERNATIONAL COMMITMENTS, WE MUST PROVIDE FOR INCREASED INCOME TO THE TREASURY OR TAKE MEASURES TO MODIFY THE REQUIREMENTS OF GRAMM-RUDMAN-HOLLINGS AND THE LIMITATIONS IN THE BUDGET ACT.

THE COMMITMENT NOT TO RAISE TAXES, WITH THE PRESENT OUTLOOK, WILL RESULT IN INCREASED DEBTS TO FOREIGN INVESTORS OR THE FEDERAL RESERVE SYSTEM WILL HAVE TO PRINT MORE MONEY WHICH MEANS FURTHER INFLATION.

LOSS OF REVENUE BASE

THE PRESIDENT'S BUDGET FOR FY 1990 (PAGE 4-4) BEST ILLUSTRATES THE EFFECT ON REVENUES OF POLICY CHANGES PROPOSED BY THE ADMINISTRATION AND ENACTED INTO LAW IN THE ECONOMIC RECOVERY TAX ACT OF 1981. THAT TABLE SHOWS THAT REVENUES WOULD HAVE BEEN HIGHER AND CONSEQUENTLY THE DEFICIT WOULD HAVE BEEN LOWER BY THE FOLLOWING AMOUNTS:

FISCAL YEAR	REVENUE LOSS
1988	$142,600,000,000
1989	171,300,000,000
1990	195,300,000,000
1991	219,800,000,000
1992	258,300,000,000

THE APPARENT PROSPERITY IS MADE POSSIBLE BY THE BORROWING OF OVER TWO TRILLION DOLLARS AND PRODUCING A THREE TRILLION DOLLAR DEBT, FROM THE SALE OF BILLIONS OF DOLLARS WORTH OF ASSETS IN ORDER TO PAY CURRENT OPERATING EXPENSES, AND FROM EXCESSIVE INFLATION IN THE LAST 10 YEARS FOR WHICH THE FEDERAL RESERVE HAS PRINTED ADDITIONAL MONEY.

APPROPRIATIONS NOT THE PROBLEM

OUR COMMITTEE HAS COOPERATED IN MEETING BUDGET TARGETS UNTIL THERE IS LITTLE, IF ANY, ROOM LEFT TO COOPERATE IF WE ARE TO CONTINUE ESSENTIAL DOMESTIC PROGRAMS. NONDEFENSE DISCRETIONARY DOMESTIC PROGRAMS HAVE BEEN SQUEEZED TO THE POINT WHERE THEY WILL CEASE TO BE EFFECTIVE IF FURTHER REDUCTIONS ARE MADE.

APPROPRIATIONS BILLS WERE NOT WHERE THE PROBLEM WAS, NOR ARE THEY THE PROBLEM NOW. SINCE 1945 APPROPRIATIONS BILLS HAVE BEEN BELOW BUDGET REQUESTS BY $173 BILLION. DURING THAT SAME PERIOD, ENTITLEMENTS AND BINDING CONTRACTS, WHICH ARE NOT DISCRETIONARY, HAVE INCREASED BY FIVE TIMES (+$499.6 BILLION), A FACT WHICH CONTRIBUTES GREATLY TO THE INCREASE OF THE NATIONAL DEBT.

THIS IS CONTRARY TO THE MAIN PURPOSE OF THE BUDGET ACT WHICH WAS WELL DESCRIBED BY OUR FORMER COLLEAGUE DICK BOLLING IN DECEMBER 1973 ON THE FLOOR OF THE HOUSE, WHO, ON BEHALF OF THE RULES COMMITTEE, LAID OUT REALISTIC GUIDELINES FOR THE BUDGET PROCESS WHICH ARE STILL VALID TODAY.

THE PROCESS:

1. MUST BE WORKABLE.

2. ... MUST NOT BECOME AN INSTRUMENT FOR PREVENTING CONGRESS FROM EXPRESSING ITS WILL ON SPENDING POLICY.... OR ... TAKE AWAY ITS POWER TO ACT....

3. ... MUST NOT BE USED TO CONCENTRATE THE SPENDING POWER IN A FEW HANDS.... WHILE ... NECESSARY TO ESTABLISH NEW BUDGET COMMITTEES, THEY MUST NOT BE GIVEN EXTRAORDINARY POWER IN THE MAKING OF BUDGET POLICIES....

4. ... MUST ... NOT OVERRIDE THE WELL-ESTABLISHED APPROPRIATIONS PROCESS. THROUGH ITS POWER OF APPROPRIATIONS, CONGRESS IS ABLE TO MAINTAIN CONTROL OVER SPENDING. THAT POWER HAS BEEN EXERCISED RESPONSIBLY AND EFFECTIVELY OVER THE YEARS AND IT SHOULD NOT BE DILUTED BY THE IMPOSITION OF A NEW LAYER OF PROCEDURES.

5. ... MUST NOT LOAD THE CONGRESSIONAL BUDGET PROCESS WITH NEEDLESS AND QUESTIONABLE DETAILS.

IT IS OBVIOUS THESE GUIDELINES HAVE BEEN VIOLATED AGAIN AND AGAIN AND THE BUDGET ACT SIMPLY HASN'T WORKED LIKE IT WAS INTENDED. IN FACT, IT HAS HAD THE OPPOSITE EFFECT. WHAT IT WAS CREATED TO CHECK, ENTITLEMENTS AND BACK DOOR SPENDING, HAVE INCREASED 5 TIMES. IN ADDITION, ON MANY OCCASIONS, THE DELAY IN REACHING AGREEMENT WITH THE OTHER BODY LED TO CONTINUING RESOLUTIONS, WHICH MANY OPPOSE.

IN 1974 WHEN THE BUDGET ACT WAS PASSED, NONDEFENSE DISCRETIONARY OUTLAYS WERE 24 PERCENT OF THE BUDGET. THE AMOUNT OF NONDEFENSE DISCRETIONARY OUTLAYS IN THE PRESENT BUDGET HAS BEEN REDUCED TO 15 PERCENT, A REDUCTION OF 37.5 PERCENT SINCE 1974.

THUS WE MUST LOOK IN DIRECTIONS OTHER THAN APPROPRIATIONS BILLS IN ORDER TO MEET DEFICIT REDUCTION TARGETS.

REDUCTIONS IN IMPORTANT PROGRAMS UNSOUND

IN THE FACE OF THE PRESENT CIRCUMSTANCES, TO CUT OUT OR CUT DOWN FROM THIS YEAR'S LEVEL OVER 80 EXISTING ESSENTIAL DOMESTIC PROGRAMS, WHICH THE BUDGET ASKS US TO DO, IS UNSOUND. EVEN NOW, DEPARTMENTS AND AGENCIES ARE RUNNING BEHIND BECAUSE OF INFLATION, LEADING TO A NEED FOR A SUPPLEMENTAL TO CARRY ON THE EXISTING PROGRAMS.

A FEW OF THE CUTS PROPOSED BY THE BUDGET IN ESSENTIAL DOMESTIC PROGRAMS, WHICH WE HAVE ALREADY HELD DOWN, FOLLOW:

FEDERAL HIGHWAY PROGRAMS (OBLIGATIONS).....	-$1,064,000,000
AMTRAK.....	-605,000,000
ECONOMIC DEVELOPMENT ADMINISTRATION GRANTS....	-189,000,000
EPA SEWAGE TREATMENT CONSTRUCTION GRANTS.....	-392,000,000
ASSISTED HOUSING.....	-588,000,000
MASS TRANSIT FORMULA GRANTS...	-548,000,000
COMMUNITY SERVICE BLOCK GRANTS	-363,000,000
RURAL HOUSING DIRECT LOANS....	-883,000,000
FARM OWNERSHIP LOANS.....	-394,000,000
FARM INSURED OPERATING LOANS..	-400,000,000

THE COMPLETE LIST OF REDUCTIONS, INCLUDED IN APPENDIX A, TOTALS MORE THAN 80 PROJECTS AND REDUCTIONS OF OVER $13,000,000,000. TO THIS IS ADDED THE ALMOST DAILY COMMITMENT BY THE EXECUTIVE BRANCH TO VARIOUS FOREIGN COUNTRIES WHICH, WHATEVER THE MEANS USED, MAKE IT NECESSARY THAT THEY BE CONSIDERED.

PRODUCTIVE EMPLOYMENT NECESSARY IF WE ARE TO AVOID A RECESSION

IN ORDER TO ENSURE OUR CONTINUATION AS A GREAT NATION, WE NEED A DEFENSE THAT IS BACKED BY PUBLIC SUPPORT AND A STRONG ECONOMY. STRENGTH THAT CAN COME ONLY BY PROTECTING AND DEVELOPING THE NATION'S RESOURCES, OUR REAL WEALTH. OUR NATION IS ALL WE HAVE TO BACK UP OUR MONEY. DEVELOPMENT OF OUR RIVERS AND HARBORS, CONSTRUCTION OF SCHOOLS, ROADS AND BRIDGES, AIRPORTS, ALONG WITH INCREASES IN EDUCATION AND HEALTH PROTECTION, WITH ADEQUATE FOOD AND NUTRITION FOLLOWING FROM A STRONG AGRICULTURAL BASE, PROVIDES THE FOUNDATION FOR OUR NATIONAL STRENGTH AND OUR FUTURE.

AT A TIME WHEN THE PRESIDENT HAS PROPOSED A 120,000 TROOP REDUCTION; AT A TIME WHEN PRACTICALLY EACH DAY NEWSPAPERS AND MAGAZINES CARRY STORIES OF DOMESTIC BUSINESS CUTBACKS IN OPERATIONS; AT A TIME MORE AND MORE AMERICAN BUSINESSES ARE MOVING ABROAD AND SENDING THEIR PRODUCTS BACK TO THE UNITED STATES UNDER OUR OPEN DOOR POLICY ON IMPORTS; MORE AND MORE PEOPLE ARE FACING UNEMPLOYMENT IN EVERY SECTION OF THE NATION.

IF THIS CONTINUES, WE WILL NEED TO BE PREPARED TO PROVIDE FUNDS FOR CONSTRUCTION OF ROADS AND BRIDGES, BUILDINGS AND THE LIKE AND TO RESTORE PROGRAMS SUCH AS REVENUE SHARING, WHICH WE HAD FOR 14 YEARS, AIDING MORE THAN 39,000 UNITS OF GOVERNMENT, IN ORDER TO KEEP THE ECONOMY GOING AND TO AVOID A RECESSION. THIS WOULD BE SIMILAR TO WHAT WE DID WITH THE JOBS BILL WHICH WE HANDLED IN 1983.

INVESTMENT SPENDING ESSENTIAL FOR OUR FUTURE

WE MUST CONTINUE INVESTING IN OUR COUNTRY. SINCE 1934, WHEN WE STARTED MEETING REGIONAL PROBLEMS WITH NATIONAL PROGRAMS, OUR REAL WEALTH HAS INCREASED 41 TIMES, AND SINCE 1940, 36 TIMES.

WE MUST RECOGNIZE THAT INVESTMENT SPENDING LASTS FOR YEARS TO COME. OUR NATIONAL FUTURE DEPENDS ON THIS TYPE OF SPENDING. THIS MEANS WE HAVE TO LOOK AT WAYS TO DISTINGUISH INVESTMENT SPENDING, WHICH WILL LAST FOR YEARS, FROM OTHER SPENDING, THE BENEFITS OF WHICH, WHILE IMPORTANT, ARE TEMPORARY.

THE BUDGET PROPOSES SEVERAL INCREASES IN USER FEES. THE COMMITTEE BELIEVES THAT ANY USER FEES IMPLEMENTED SHOULD BE VIEWED NOT AS REVENUE MEASURES BUT AS A COMMITMENT TO PROVIDE APPROPRIATE FINANCIAL SUPPORT FOR THE PROGRAMS THAT PRODUCED THE FEES. THE PAYERS OF USER FEES NEED TO SEE EVIDENCE THAT THE PROGRAMS AND SERVICES THEY USE GET THE BENEFIT OF THE FINANCIAL SUPPORT THEY PROVIDE. PROGRAMS FOR WHICH USER FEES ARE COLLECTED MUST NOT BE ALLOWED TO DETERIORATE AND RESULT IN POOR SERVICE, AND FACILITIES MUST NOT BECOME DILAPIDATED.

AMERICAN INDUSTRY MUST BE ENCOURAGED

AS THE WORLD HAS CHANGED, WITH THE OPENING UP OF EASTERN EUROPEAN COUNTRIES, THERE WILL BE INTENSE COMPETITION FOR THESE MARKETS. WE NEED TO BE IN A POSITION FOR OUR BASIC INDUSTRIES, AGRICULTURE, MANUFACTURING, AND MINING, TO TAKE ADVANTAGE OF THESE OPPORTUNITIES. WE MUST PRODUCE MORE THAN WE NEED AND SELL IN WORLD TRADE AT COMPETITIVE PRICES, AS AUTHORIZED BY LAW, THAT WHICH WE

PRODUCE IN EXCESS OF OUR NEEDS. THAT IS WHAT OUR COMPETITORS DO. WE NEED TO GIVE TO OUR PRODUCERS THE SAME SUPPORT OTHER NATIONS GIVE TO THEIRS, AND USE OUR EXISTING AUTHORITY TO LIMIT IMPORTS TO OUR NEEDS.

DUE TO VARIOUS LIMITS IMPOSED ON OURSELVES OUR NATION HAS BEEN UNABLE TO PRODUCE AND MARKET WHAT IT HAS DEVELOPED. FOREIGN COUNTRIES HAVE MANUFACTURED AND REAPED THE BENEFITS OF OUR DEVELOPMENTS AND WITH PROFITS FROM SALES TO US HAVE PURSUED AN ACTIVE PROGRAM OF PURCHASING AMERICAN FACILITIES.

A MARCH 1988 ARTICLE IN THE WASHINGTON POST, ENTITLED "AMERICA ON THE BLOCK," DESCRIBES THIS SITUATION AS FOLLOWS:

AMERICA ON THE BLOCK

> DURING THE PAST 5 YEARS, NEARLY $800 BILLION IN FOREIGN CAPITAL HAS WASHED ACROSS THE UNITED STATES, BUYING UP COMPANIES, BANKS, LUXURY HOTELS AND RETAIL CHAINS, BUILDING NEW FACTORIES, FATTENING BANK ACCOUNTS AND FINANCING A MAJOR PORTION OF THE NATIONAL DEBT. THAT INFLOW RANKS AMONG THE GREATEST FINANCIAL TRANSFORMATIONS OF THE POST-WAR ERA, AND HAS HELPED TURN THE UNITED STATES FROM THE WORLD'S LARGEST CREDITOR NATION INTO ITS LARGEST DEBTOR.

WE MUST HOLD DOWN WASTE OF COURSE, BUT WE CAN NEVER HANDLE A $3,000,000,000,000 DEBT EXCEPT BY PRODUCING MORE THAN WE NEED AND SELLING IT IN WORLD TRADE FOR WHAT IT WILL BRING, IN WHAT WAS OUR NORMAL SHARE OF WORLD MARKETS PRIOR TO 1981. WE MUST LIMIT THE LEVEL OF IMPORTS TO THAT WHICH WE NEED INSTEAD OF PURSUING THE PRESENT POLICY WHICH IGNORES EXISTING AUTHORITY AVAILABLE TO ENCOURAGE DOMESTIC MANUFACTURERS AND AGRICULTURAL PRODUCTION.

WE MUST GAIN CONTROL OF THE EXCESSIVE INFLATION WHICH HAS OCCURRED OVER THE LAST 10 YEARS.

WE RESPECTFULLY SUBMIT THAT THIS YEAR'S BUDGET RESOLUTION MUST PROVIDE ADEQUATE RESOURCES TO ADDRESS THESE FACTS OR WE RISK A BREAKDOWN IN THE FINANCIAL STRUCTURE OF OUR NATION AND LOSING OUR LEADERSHIP POSITION IN THE WORLD.

COMMITTEE DISCRETIONARY NEEDS FOR FISCAL YEAR 1991

We need, at the minimum, a total allocation of discretionary budget authority and discretionary outlays to continue in 1991 the recurring programs funded by fiscal year 1990 appropriations at the 1991 baseline level.

This does not provide for any new initiatives which, it should be emphasized, must not be funded at the expense of important ongoing programs. It also does not include borrowings made by the Resolution Trust Corporation for the savings and loans bailout which we still owe even though it is not counted in setting off the sequester.

RECONCILIATION AND THE EFFECTS OF SEQUESTRATION

A central feature of Gramm-Rudman-Hollings is sequestration. At the time of G-R-H enactment, the sequestration mechanism was devised as a means to require that budget deficit targets be met. Since then, all sorts of actions have been condoned to give an appearance of meeting the target set out in the resolution.

For fiscal year 1990, the Appropriations Committee essentially met its budget resolution goals to avoid sequestration. However, a sequestration still was adopted as part of the reconciliation package due to the failure of others to meet their Congressionally directed budget resolution targets. In the view of some interests, an across-the-board reduction in discretionary spending was more attractive than other options, such as revenue increases or entitlement reductions. This was a case of reconciliation making bad matters worse. For years, it hasn't worked the way it was intended. And like the Budget Act itself, when it is used, it is at the expense of those areas that do work.

For fiscal year 1991, we are hearing that there are those who believe that their jurisdictional interest would be better served if the negative sequestration impacts on programs not within their purview, were allowed to occur rather than taking the responsible action needed to assure that sequestration does not occur. This view is shortsighted and does great harm to the people served by the Federal Aviation Administration, the National Weather Service, and the Federal Bureau of Investigation, to name a few.

THE IMPACTS OF SEQUESTRATION ON A VERY BROAD RANGE OF PROGRAMS ARE SERIOUS. TO POINT THIS OUT, THE COMMITTEE HAS INCLUDED IN APPENDIX B A LISTING OF SOME OF THE PROGRAMS AFFECTED BY SEQUESTRATION. A FEW EXAMPLES ILLUSTRATING THIS BROAD RANGE OF IMPACTS WOULD BE REDUCTIONS IN WEATHER SERVICE FORECAST DATA COLLECTION, FEDERAL AVIATION ADMINISTRATION AIR TRAFFIC CONTROL, SAFE FOOD INSPECTION, DISEASE PREVENTION, CONTROL AND RESEARCH, CRIMINAL DRUG PROSECUTION, DRUG INTERDICTION, AND ECONOMIC DEVELOPMENT ASSISTANCE.

SEQUESTRATION NEEDS TO BE REMOVED AS A VIABLE ALTERNATIVE IN THE BUDGET PROCESS. IT NEEDS TO BE REESTABLISHED AS THE INCENTIVE IT WAS INTENDED TO BE TO FORCE ALL TO DO THEIR PART TO ENSURE THAT THE PROVISIONS OF THE BUDGET RESOLUTION GET CARRIED OUT AS INTENDED AND TO ENSURE THAT SEQUESTRATION NEVER GETS TRIGGERED.

RECOMMENDATIONS ON FISCAL DISCIPLINE IN THE BUDGET PROCESS

THE 130-DAY SEQUESTER IMPOSED IN FISCAL YEAR 1990 OCCURRED NOT BECAUSE THE APPROPRIATIONS COMMITTEE FAILED TO MEET ITS SPENDING TARGETS FOR FY 1990. WITH THE ARGUABLE EXCEPTION OF FUNDING FOR UNANTICIPATED EMERGENCIES CAUSED BY THE SAN FRANCISCO EARTHQUAKE AND HURRICANE HUGO, IT DID MEET THEM. RATHER, SEQUESTRATION OCCURRED BECAUSE OTHER COMMITTEES FAILED TO UNDERTAKE THE DEFICIT REDUCTION MEASURES THEY WERE INSTRUCTED TO IN THE FY 1990 BUDGET RESOLUTION. ANALYSES PUBLISHED LAST FALL INDICATE THAT COMMITTEES LIKE WAYS AND MEANS WERE SHORT AS MUCH AS $2.4 BILLION IN NEW REVENUE MEASURES, AND OTHER COMMITTEES, LIKE ENERGY AND COMMERCE, INTERIOR, AND MERCHANT MARINE, WERE SHORT BETWEEN $200 AND $300 MILLION EACH IN ENACTING PROGRAMMATIC SAVINGS.

RATHER THAN SEND THESE COMMITTEES BACK TO THE DRAWING BOARD TO MEET THEIR TARGETS, BUDGET RECONCILIATION INSTEAD IMPOSED A SEQUESTER THAT FELL LARGELY ON PROGRAMS WHICH HAD ALREADY BEEN RESTRAINED TO MEET THE TARGETS SET FOR THE 13 REGULAR APPROPRIATIONS BILLS.

THE RESULTS, PREDICTABLY, HAVE BEEN SEVERE FOR ANY NUMBER OF PROGRAMS. JUST TO PROVIDE A FEW EXAMPLES, UNDER PELL GRANTS, THE CORNERSTONE OF FEDERAL FINANCIAL AID FOR POSTSECONDARY STUDENTS, THE EFFECT OF A SEQUESTER OF $66.5 MILLION WILL BE FELT IN THE SCHOOL YEAR BEGINNING IN THE FALL OF 1990, WHEN 14,000 STUDENTS WILL LOSE THEIR GRANTS AND ANOTHER 1.3 MILLION STUDENTS WILL HAVE THEIR GRANTS CUT AN AVERAGE OF $50. IN STATE UNEMPLOYMENT INSURANCE OPERATIONS, SEQUESTER IS EXACERBATING A FUNDING SHORTFALL CAUSED BY INACCURATE

ESTIMATES THAT IN TOTAL WILL CUT THESE OPERATIONS 7 PERCENT BELOW WHAT IS REQUIRED TO PROVIDE SERVICES TO THE UNEMPLOYED. IN THE DEFENSE DEPARTMENT, A 126,000 PERSON REDUCTION IN TROOP STRENGTH AND CIVILIAN EMPLOYMENT IS PENDING BECAUSE OF SEQUESTER.

FURTHERMORE, EVEN THOSE SAVINGS THAT WERE ACHIEVED BY THE COMMITTEES OF JURISDICTION CONSISTED OF GIMMICKS AND ONE-TIME SAVINGS THAT WILL NOT SERVE TO REDUCE THE DEFICIT OVER TIME. ACCORDING TO THE CONGRESSIONAL BUDGET OFFICE, THE RECONCILIATION LEGISLATION CONTAINED $7 BILLION IN NONRECURRING SAVINGS, $4 BILLION FROM ACCOUNTING CHANGES AND TIMING SHIFTS, AND $3 BILLION FROM SPEEDING UP COLLECTIONS OF PAYROLL AND CERTAIN EXCISE TAXES.

THE WAY THE BUDGET AND RECONCILIATION PROCESS WORKED LAST YEAR, WITH THESE UNSATISFACTORY RESULTS, INDICATES SEVERAL FUNDAMENTAL FLAWS IN THE PROCESS THAT NEED TO BE RECTIFIED FOR THIS YEAR'S BUDGET PROCESS TO INSTILL DISCIPLINE AND PRODUCE THE DESIRED RESULTS.

FIRST, SEQUESTRATION MUST BE OFF-LIMITS AS A WAY TO MEET DEFICIT REDUCTION TARGETS IN FY 1991. LAST YEAR, THOSE COMMITTEES THAT DID NOT MEET THEIR TARGETS WERE REWARDED BY A SEQUESTER THAT TOOK THE REDUCTIONS OUT OF SOMEONE ELSE'S, PRIMARILY APPROPRIATIONS', HIDE. SO LONG AS SEQUESTER REMAINS THE METHOD OF FIRST OR LAST RESORT TO REACH DEFICIT REDUCTION TARGETS, THE NATURAL REACTION OF AUTHORIZATION COMMITTEES INSTRUCTED TO MAKE PAINFUL CUTS IN THEIR PROGRAMS IS TO PUNT AND LET SEQUESTER INFLICT THE PAIN ELSEWHERE.

SECOND, THE BUDGET COMMITTEE MUST EITHER FORCE COMMITTEES TO MEET THEIR DEFICIT REDUCTION TARGETS OR INDEPENDENTLY INCLUDE AMENDMENTS IN RECONCILIATION TO MEET THEM. THE PHENOMENON OF COMMITTEES NOT MEETING THEIR DEFICIT REDUCTION INSTRUCTIONS AS PASSED IN THE CONGRESSIONAL BUDGET RESOLUTION IS NOT A NEW ONE. PRELIMINARY STUDIES INDICATE THAT OVER THE 1980'S, COMMITTEES HAVE FAILED TO MEET THEIR DEFICIT REDUCTION INSTRUCTIONS BY MORE THAN $20 BILLION, AND THAT CERTAIN COMMITTEES HAVE A PATTERN OF NOT MEETING THEIR INSTRUCTIONS. IT SEEMS CLEAR THAT THERE NEEDS TO BE STRONGER ENFORCEMENT OF THOSE INSTRUCTIONS, AND IF THE COMMITTEES WILL NOT PRODUCE THE SAVINGS, THE BUDGET COMMITTEE NEEDS TO ASSERT LEADERSHIP AND PRODUCE THOSE SAVINGS INDEPENDENTLY FOR INCLUSION IN RECONCILIATION.

THIRD, EXTRANEOUS SPENDING PROVISIONS MUST BE OFF-LIMITS IN RECONCILIATION BILLS. AS MUST-PASS LEGISLATION, OFTEN LENGTHY AND COMPLICATED, RECONCILIATION BILLS IN THE HOUSE HAVE PROVED AN ATTRACTIVE TARGET FOR EXPENSIVE NEW SPENDING PROPOSALS, WITH LOW FIRST YEAR OUTLAYS, ATTACHED WITH A MINIMAL AMOUNT OF SCRUTINY. LAST YEAR MARKED A FIRST IN WHICH THE GOVERNORS OF THE STATES PETITIONED CONGRESS TO STOP THIS PROCEDURE BECAUSE THEY COULD NO LONGER AFFORD IT. THE SENATE HAS ADOPTED PROCEDURES TO LIMIT THIS PRACTICE, AND THE HOUSE NEEDS TO FOLLOW SUIT, IN ORDER TO ENSURE THAT RECONCILIATION LEGISLATION FULFILLS ITS ROLE AS A PRIMARY MEANS OF DEFICIT CONTROL, NOT DEFICIT ENHANCEMENT.

AND FOURTH, IF APPROPRIATIONS IS CHARGED WITH EXPENDITURES, IT MUST ALSO BE CREDITED WITH SAVINGS. WHILE ALL SPENDING MEASURES ENACTED BY CONGRESS INVOLVING APPROPRIATIONS WERE CHARGED AGAINST THE APPROPRIATIONS COMMITTEE'S ALLOCATION UNDER SECTION 302 OF THE BUDGET ACT, NONE OF THE SAVINGS IN APPROPRIATIONS ACCOUNTS RESULTING FROM THE 130-DAY SEQUESTER WERE CREDITED TO THAT ALLOCATION. THIS CAN BE SEEN IN THE CURRENT LEVEL OF SPENDING REPORT PUBLISHED IN THE FEBRUARY 22, 1990 CONGRESSIONAL RECORD. IN THAT REPORT, THE APPROPRIATIONS COMMITTEE IS REPORTED TO HAVE EXCEEDED ITS BUDGET ALLOCATION BY $1.7 BILLION, WHILE $4.3 BILLION IN SAVINGS DUE TO SEQUESTER, MOST OF WHICH AFFECTS APPROPRIATED ACCOUNTS, ARE LISTED AS UNASSIGNED. THIS IS NOT TRUTH IN BUDGETING. IF THE APPROPRIATIONS COMMITTEE IS FORCED TO TAKE A DOUBLE HIT BECAUSE OTHER COMMITTEES DO NOT MEET THEIR DEFICIT REDUCTION TARGETS, THAT FACT SHOULD BE DISPLAYED ACCURATELY IN THE BUDGET COMMITTEE'S STATUS REPORTS.

THOSE PEOPLE WHO DEPEND ON DISCRETIONARY PROGRAMS, WHICH HAVE BORNE THE BRUNT OF DEFICIT REDUCTION ONCE AGAIN IN 1990, LIKE STUDENTS IN NEED OF FINANCIAL ASSISTANCE, OR UNEMPLOYED WORKERS IN NEEDS OF SERVICES, OR MEMBERS OF THE ARMED SERVICES, DESERVE TO KNOW THAT APPROPRIATIONS BILLS ARE BELOW THEIR SPENDING TARGETS BECAUSE OTHER COMMITTEES FAILED TO ENACT PROGRAM REFORMS AND BECAUSE THE BUDGET PROCESS NEEDS DESPERATELY TO BE RESTRUCTURED TO PRODUCE REAL, LASTING, AND EQUITABLE DEFICIT REDUCTION.

NON-DEFENSE APPROPRIATIONS HAVE BORNE THE BRUNT OF DEFICIT REDUCTION SPENDING CUTS

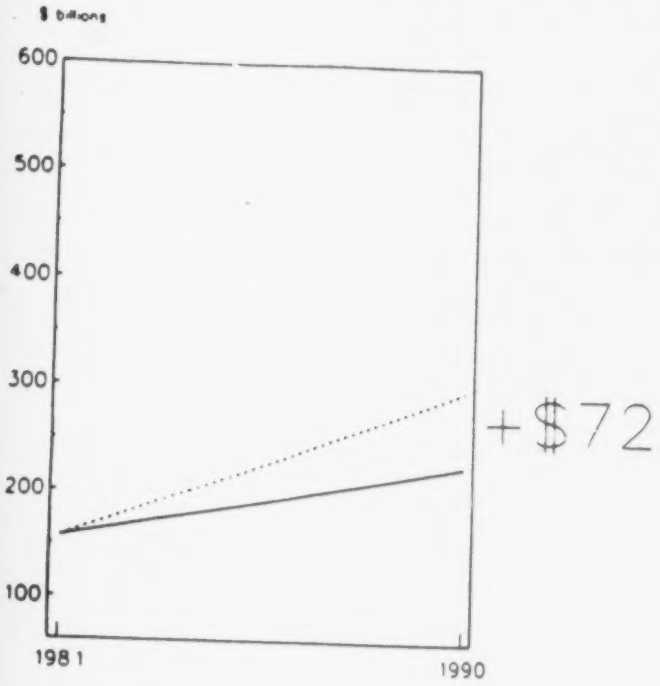
BY ANY MEASURE, OUR VITAL NON-DEFENSE DISCRETIONARY PROGRAMS HAVE BORNE A DISPROPORTIONATELY LARGE SHARE OF THE DEFICIT REDUCTION BURDEN. NON-DEFENSE DISCRETIONARY SPENDING HAS SHRUNK TO ITS LOWEST SHARE OF THE BUDGET SINCE THE EARLY 1960'S.

THIS TREND WAS ESPECIALLY PRONOUNCED IN THE 1980'S WHEN BUDGET RESOLUTIONS REPEATEDLY REQUIRED LARGE REDUCTIONS IN DOMESTIC DESCRETIONARY PROGRAMS. GRAMM-RUDMAN-HOLLINGS SEQUESTRATIONS ADDED TO THIS BURDEN BY REQUIRING DISCRETIONARY PROGRAMS TO PAY FOR FAILURES IN THE RECONCILIATION PROCESS TO MEET NON-DISCRETIONARY SPENDING AND REVENUE TARGETS.

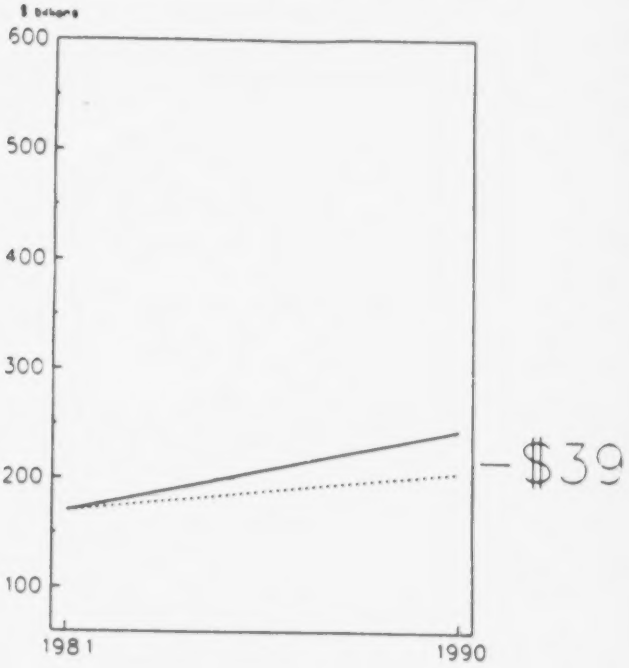
THE FOLLOWING GRAPHS DEPICT THE MAGNITUDE OF THE SHIFTS IN NATIONAL SPENDING PRIORITIES OVER THE LAST TEN YEARS.

1990 Spending Compared to Level Needed to Maintain 1981 Program

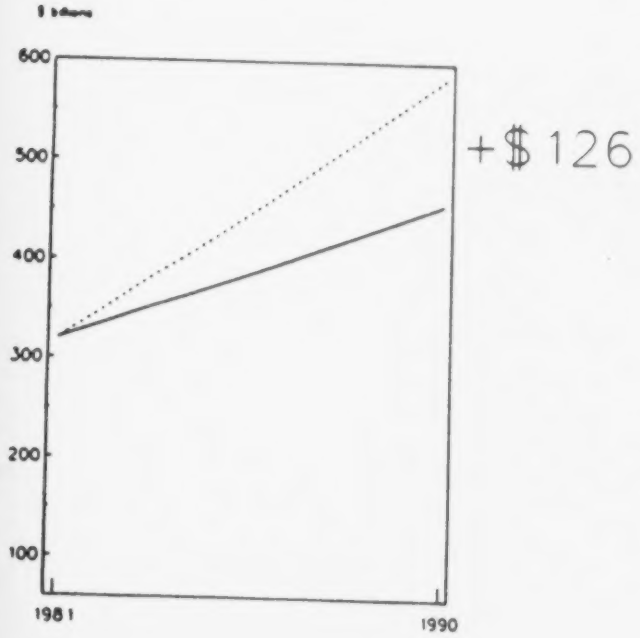
National Defense Discretionary



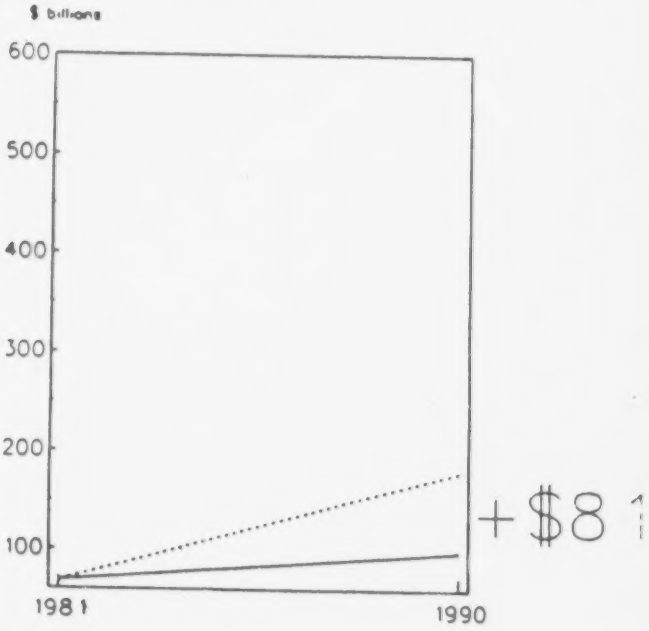
Non-defense Discretionary



Entitlements / Mandatory



Net Interest



Source CBO outlay data

Needed to maintain '81 level ——— Actual .....

APPENDIXES

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A. Major Program Eliminations and Reductions.....	14
B. Effects of Sequestration.....	16
C. Major Program Increases	21

APPENDIX A

PRESIDENT'S PROPOSED FISCAL YEAR 1991 BUDGET

Major Program Eliminations
(In millions of dollars)

	Proposed 1991 Budget Authority Reductions
DOE Energy Conservation Grants Program (including low-income weatherization)	-200
Fossil Energy	-214
Trade Adjustment Assistance for Firms	-11
EPA School Asbestos Abatement	-48
NOAA: Fishery and Weather Service Programs	-121
Economic Development Administration Grant Programs	-189
TVA Economic and Community Development and Agricultural Programs	-30
Mariel Cuban Grants, Juvenile Justice	-67
Amtrak	-605
Northeast Corridor	-24
Public Telecommunications Facilities Grants	-20
Emergency Conservation Program	-10
Rural Development Grants	-16
Rural Community Fire Protection	-3
Mutual Self-Help Housing	-9
Conservation Loans	-22
Telephone Loans	-239
FFB Guaranteed Electric and Telephone Loans	-933
Capitalization of Rural Telephone Bank	-29
REA Reimbursement for Interest and Other Losses	-244
Rural Economic Development Subaccount	-5
Research and Extension Program	-26
Local Rail Service Assistance	-7
Follow Through Program	-7
Star Schools Program	-15
Native Hawaiian Education	-6
Secondary Schools Basic Skills	-5
Special Recreation for Handicapped	-3
State Student Incentive Grants	-59
Innovative Projects for Community Service	-1
Cooperative Education Program	-13
Law School Clinical Program	-5
Veterans Outreach Program	-3
Public Libraries, including construction	-98
AIDS Related Drug Payments	-30
AIDS Home Health Grants	-20
Waiting Period Drug Grants	-64
HUD Rehabilitation Loans	-87

PRESIDENT'S PROPOSED FISCAL YEAR 1991 BUDGET

Major Program Reductions
(In millions of dollars)

	Proposed 1991 Budget Authority Reductions
Low Income Home Energy Assistance	-343
EPA Sewage Treatment Construction Grants	-392
Section 202 Housing for the Elderly or Handicapped	-185
Federal Highway Programs (obligations)	-1,064
Abandoned Mine Reclamation Fund	-33
Conservation Programs	-38
Rural Housing Direct Loans	-883
Rental Assistance	-42
Very Low-Income Housing Repair Grants	-3
Rural Preservation Grants	-4
Water and Sewer Loans	-80
Community Facility Loans	-24
Rural Water and Waste Disposal Grants	-109
Electrification Direct Loans	-422
Rural Telephone Bank	-52
Farm Ownership Loans	-394
Farm Insured Operating Loans	-400
Foreign Assistance Program (P.L. 480)	-81
Agriculture Extension (EFNEP)	-37
Agriculture Research	-40
Animal and Plant Health Programs	-5
FDA	-157
APHIS	-79
Nutrition Assistance for Puerto Rico	-112
Assisted Housing	-588
Community Development Block Grants	-160
Appalachian Regional Commission	-98
Corps of Engineers and Bureau of Reclamation Construction Program	-150
District of Columbia Drug Emergency	-5
Firefighting Costs	-409
Fossil Energy Research and Development	-214
National Park Service Construction	-114
Fish and Wildlife Service Construction	-25
Indian Health Service Facilities	-58
Bureau of Indian Affairs Construction	-34
Mass Transit Formula Grants	-548
Interstate Transfer--Highway/Transit Grants	-149
Washington, DC, Subway	-47
Community Services Block Grants	-363
Impact Aid Part B Children	-99
Perkins Student Loans	-157
Health Professions Training	-139
Dislocated Workers Training	-64
Customs Service Air Interdiction	-87
Customs Service Operations	-20
Justice Department Law Enforcement	-124
Small Business Administration Direct Loans	-82
Small Business Development Centers	-20
National Guard and Reserve Programs	-728

APPENDIX B

EFFECTS OF SEQUESTRATION

The following is a compilation of selected Federally funded programs and the impacts that would occur if sequestration is imposed:

EDUCATION

Education assistance will be curtailed or reduced in the following areas: education for the handicapped, vocational rehabilitation for the handicapped, grants to local schools for the disadvantaged, funds for drug free schools, funds for math and science education, funds for vocational and adult education, and financial assistance for low income college students.

LABOR

Training and employment services will be reduced for the homeless, dislocated mothers, youth, and low income workers.

Community service employment for older Americans will be reduced.

Safety assurances for workers and miners will be reduced.

Unemployment service administration will be reduced affecting the timeliness of benefits.

HEALTH AND HUMAN SERVICES

Health care will be reduced in the following areas: community health centers, health care for the homeless, training for doctors and nurses, maternal and child health, and pediatric and AIDS patient services.

Disease prevention, control, and education programs for cancer, heart disease, Alzheimer's, AIDS, sexually transmitted diseases, and child immunization will be reduced.

The review for safe food and drugs including drugs for AIDS will be reduced.

Drug abuse treatment and research will be reduced, especially affecting the homeless.

Community Services Block Grants for low income housing, feeding and energy assistance will be reduced.

Head Start, child abuse prevention and treatment, child welfare assistance, assistance for runaway and homeless youth will all be reduced.

Funds available to meet medical needs of Indians will be reduced and fewer patients will be treated.

Indian welfare, education, schools, and law enforcement will be reduced.

Nutrition programs for the aging and activities at Senior Centers will be reduced or eliminated.

Foster care assistance will be reduced.

INTERIOR

Visitor facilities at the 355 National Parks and 472 Refuges will have reduced operation and lower maintenance affecting the quality of the nearly 400 million visits per year at these sites.

Ground water, mineral, oil, and gas and volcanic and earthquake monitoring and hazard determinations will be reduced.

ENERGY

Monitoring of commercial nuclear reactors for safe operation will be impacted.

Energy research into alternative sources will be reduced.

Weatherization programs for low-income individuals, schools, and hospitals will be reduced.

AGRICULTURE

Safe food (meat/poultry/eggs) inspection will be reduced.

Efforts at prevention of pests (Med. Fly) and animal diseases from entering the U.S. will be reduced.

Provision of safe and sanitary housing for farm laborers will be reduced.

Housing repair grants for sanitation facilities for rural, low income, and the elderly will be reduced.

Loans to the very low income to purchase homes or for rent money will be reduced.

Reduced water quality and flood damages associated with a lack of soil conservation will increase.

Food For Peace assistance will be reduced.

Purchases of commodities for distribution under TEFAP will be reduced.

Food donation programs for needy families on Indian reservations and the Meals on Wheels will be reduced.

STATE

Passport issuing may be slowed.

Security at posts overseas could be reduced.

U.S. contribution to international organizations will be further in arrears.

JUSTICE

Prosecution of Federal drug and other criminal cases will have reduced support.

Grants to State and local law enforcement agencies will be reduced.

Overcrowding condition of prisons will be exacerbated.

Rehabilitation of prisoners will be delayed.

Technologic support for FBI investigations will be reduced.

The Drug Enforcement Administration's war on drugs will sustain reduced support services for investigations.

The ability to monitor and control movement of illegal drugs and aliens into the U.S. will be reduced.

THE JUDICIARY

Trial and pretrial support services will be reduced leading to some delay in trials.

COMMERCE

Periodic census effort will be reduced leading to undercounting.

The 285 local National Weather Service offices will have their data collection efforts reduced leading to less effective prediction capabilities.

The program for Economic Development Assistance will be reduced resulting in continued lower productivity for the country.

International trade initiatives in promoting exports will be reduced, and monitoring Trade Acts and Trade Agreements will be reduced.

SMALL BUSINESS ADMINISTRATION

Funds for loans to disaster victims from events such as Hurricane HUGO and the Northern California Earthquake will be reduced.

Business loan programs for minorities and the disadvantaged will be reduced.

There will be fewer surety bond guarantees made to small business firms.

FEDERAL COMMUNICATIONS COMMISSION

License processing for the 973,000 annual applications for commercial and amateur radio operators will be slowed down.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Of the 226,000 annual employment discrimination claims, fewer will be investigated, leading to an increase in the backlog.

LEGAL SERVICES CORPORATION

Local legal services programs will be forced to reduce services.

SECURITIES AND EXCHANGE COMMISSION

Of the 5,500 investigations per year of corporations and individuals, fewer insider trading and fraud problems associated with the stock exchanges will be accomplished.

UNITED STATES INFORMATION AGENCY

Fulbright and other educational and cultural exchanges will be reduced.

BOARD FOR INTERNATIONAL BROADCASTING

Radio Free Europe and Radio Liberty will have reduced levels of programming.

TREASURY

Drug interdiction efforts of the Customs Service will be reduced.
Efforts to fight the War on Drugs by the Bureau of Alcohol, Tobacco and Firearms will be diminished.
Revenue collection efforts of IRS would be reduced.

TRANSPORTATION

Aviation traffic control, aviation safety inspection, and maintenance technicians for the Federal Aviation Administration would be reduced.
Drug interdiction efforts by the Coast Guard will be reduced.

VETERANS AFFAIRS

Of the nearly 25 million veterans needing medical treatment, fewer will receive it, and the quality of care would be reduced as fewer doctors and nurses could be hired.

HOUSING AND URBAN DEVELOPMENT

The number of additional low-income families receiving housing assistance, usually 82,000 per year, would be reduced.
Emergency housing grants affecting the homeless would be reduced.
Community development block grants impacting city and county development programs would be reduced.

ENVIRONMENTAL PROTECTION AGENCY

Environmental compliance, abatement, control, and research programs would be reduced.
Fewer hazardous waste sites would be cleaned up.
Wastewater treatment grants would be reduced.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The number of annual shuttle launches could be reduced -- new space missions delayed -- and the space station program stretched out.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Emergency food and shelter grants for the homeless would be reduced.

NATIONAL SCIENCE FOUNDATION

Basic research and educational efforts would be reduced..

LEGISLATIVE

General Accounting Office:

The modernization of the headquarters building and the asbestos removal program will be delayed.

Audits at GAO will be reduced as well as fraud, waste, and abuse investigations.

Library of Congress:

Cataloging activities will be reduced causing growing backlogs in processing book and other acquisitions.

Fewer funds for talking book cassettes, sound recordings, and braille acquisitions will reduce services to the blind and physically handicapped.

APPENDIX C

MAJOR PROGRAM INCREASES FOR PROPOSED FY 1991 BUDGET
(In millions of dollars)

	Proposed 1991 BA Increases
Commerce, Justice, State & Judiciary	
Global Change Research (all agencies)	+ 375
Weather Service Modernization	+ 88
Improved Economic Statistics	+ 7
U.S. & Foreign Commercial Service	+ 10
Minority Business Development Agency	+ 6
Patent Processing Automation	+ 45
Nat'l Institute of Standards & Technology	+ 37
State & Local Drug Grants	+ 45
Justice Legal Activities	+ 761
FBI	+ 141
DEA	+ 151
Prisons Salaries & Expenses	+ 233
Contributions to International Organizations	+ 673
International Peacekeeping Activities	+ 218
The Judiciary	+ 367
Ready Reserve Force	+ 136
Equal Employment Opportunity Commission	+ 11
Securities & Exchange Commission	+ 52
National Endowment for Democracy	+ 9
Voice of America	+ 66
Defense	
Drug Interdiction	+ 761
Pay Raise, Military (3.5%)	+ 1,831
Pay Raise, Civilian	+ 1,001
Environmental Restoration	+ 200
Base Closings	+ 416
Energy & Water Development	
Solar Energy Research & Development	+ 26
DOE Electric Energy Systems	+ 10
Nuclear Energy Research & Development	+ 16
DOE Biological & Environmental Research	+ 30
Magnetic Fusion	+ 5
DOE Basic Energy Sciences	+ 79
Energy Research, Oversight, Analysis and University Support	+ 6
DOE Environmental Restoration & Waste Management	+ 573
DOE High Energy Physics	+ 39
Superconducting Super Collider	+ 94
DOE Nuclear Physics	+ 41

Foreign Operations	Proposed 1991 BA Increases
Peace Corps	+ 15
Special Eastern Europe Initiative	+ 300
Andean Drug Initiative	+ 175
Migration & Refugee Assistance	+ 82

Labor, HHS, Education	
Job Corps	+ 15
Pension and Welfare Benefits Programs	+ 15
Occupational Safety and Health Admin.	+ 21
Head Start	+ 500
Community Health Centers	+ 17
National Health Corps Scholarships	+ 61
Maternal & Child Health Block Grants	+ 25
CDC AIDS Control & Surveillance	+ 66
National Institutes of Health	+ 353
ADAMHA Block Grant	+ 100
Quality of Treatment Grants	+ 46
Mental Health Research	+ 25
Drug Abuse Research at NIDA	+ 19
Substance Abuse Prevention Programs	+ 12
Community Prevention Grants	+ 52
Minority Health at OASH	+ 11
Homeless Services Grants	+ 12
Social Services Block Grant	+ 38
Compensatory Education	+ 246
Presidential Merit Schools	+ 225
Drug Free Schools	+ 54
Math and Science Education	+ 94
Magnet Schools of Excellence	+ 100
Bilingual Education	+ 17
Education for the Handicapped	+ 82
Vocational Rehabilitation	+ 70
Adult Education	+ 46
TRIO	+ 28
Dropout Prevention	+ 50
Principal Training	+ 25
Education Summit Follow-up	+ 20
VISTA	+ 10

Interior and Related Agencies

Land and Water Conservation Fund	+ 31
Geological Survey	+ 28
U.S. Fish & Wildlife Service	+ 7
Strategic Petroleum Reserves	+ 3
Indian Health Service	+ 42
Indian Education	+ 3
Smithsonian Institution	+ 41
National Gallery of Art	+ 7
National Endowment for the Arts	+ 4
National Endowment for the Humanities	+ 8
Institute of Museum Services	+ 2
Pennsylvania Avenue Development Corporation	+ 7
Holocaust Memorial Council	+ 1

Rural Development, Agriculture, & Related Agencies

Soil & Water Conservation Research	+ 16
Plant Sciences Research	+ 13
Animal Sciences Research	+ 4
Competitive Research Grants	+ 58
Extension Service Youth at Risk	+ 10
Extension Service Water Quality	+ 10
Animal & Plant Health Inspection	+ 32
Food Safety and Inspection	+ 24
Agricultural Marketing Services	+ 19
Conservation Reserve Program	+ 867
Rural Development Loan Fund	+ 11
Conservation Operations	+ 30
Food Stamp Program	+ 1,207
School Lunch Program	+ 109
Food Distribution on Indian Reservations	+ 15
Nutrition for the Elderly	+ 6
Women, Infants, and Children	+ 89

Transportation

Motor Carrier Safety	+ 7
National Highway Traffic Safety Admin.	+ 14
Railroad Safety	+ 5
Railroad Research & Development	+ 8
FAA Operations	+ 164
FAA Facilities and Equipment	+ 779
FAA Research and Engineering	+ 20
FAA Grants-in-Aid	+ 75
Coast Guard Operations	+ 181
Coast Guard Reserve Training	+ 7
Coast Guard Research, Development, Test, and Evaluation	+ 3

Treasury, Postal & General Government

Bureau of Alcohol, Tobacco & Firearms	+ 11
Customs Service, Salaries and Expenses	+ 57
Federal Law Enforcement Training Center	+ 4
Internal Revenue Service	+ 634
Merit Systems Protection Board	+ 3
National Archives	+ 3
Office of National Drug Control Policy	+ 30
Secret Service	+ 31
Special Forfeiture Fund (Drug Programs)	+ 13
U.S. Tax Court	+ 3

VA, HUD & Independent Agencies

VA Benefits Program	+ 125
VA Medical Care	+ 901
VA Construction, Major Projects	+ 121
VA Construction, Minor Projects	+ 34
VA General Operating Expenses	+ 109
VA Office of the Inspector General	+ 6
HUD Homeless Programs	+ 177
Public Housing Drug Elimination Grants	+ 51
EPA Salaries & Expenses	+ 136
EPA Research & Development	+ 19
EPA Abatement, Control and Compliance	+ 68
EPA Office of Inspector General	+ 8
Hazardous Substance Superfund	+ 210
Space Station	+ 1,828
Space Transportation Capability Development	+ 211
Space Science Applications	+ 478
NASA Commercial Use of Space	+ 44
Aeronautical Research & Technology	+ 62
Transatmospheric Research & Technology	+ 60
Space Research & Technology	+ 210
NASA Safety, Reliability and Quality Assurance	+ 10
NASA Academic Programs	+ 13
Shuttle Production & Operational Capability	+ 183
Space Transportation Operations	+ 483
NASA Construction of Facilities	+ 61
NASA Research & Program Management	+ 204
NSF Research and Related Activities	+ 229
NSF Science and Engineering Education	+ 47
U.S. Antarctic Program	+ 23

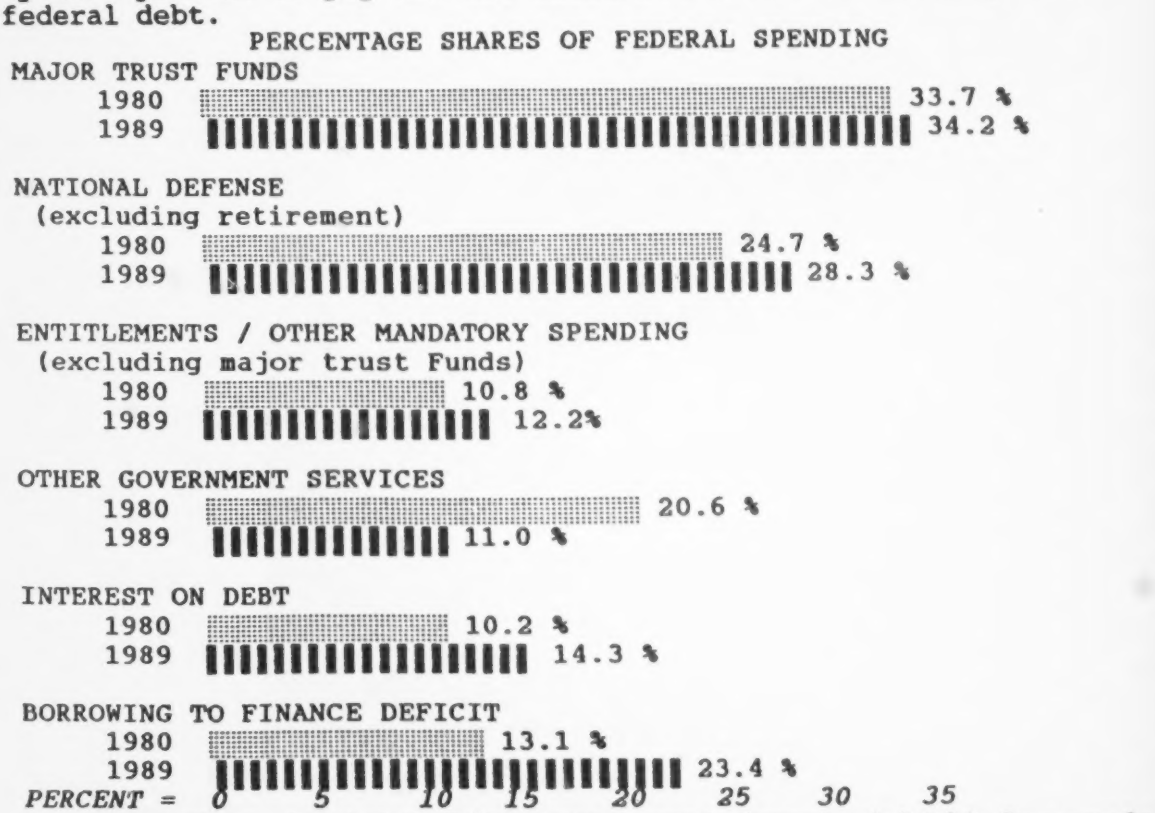
SUPPLEMENTAL VIEWS OF THE HONORABLE BILL ALEXANDER
AND THE HONORABLE EDWARD R. ROYBAL

Borrowing money from the Social Security trust funds to pay for the everyday operating expenses of government without a blueprint for paying it back breaks faith with the American people and endangers the benefits of future generations.

Budget process reform is essential to achieving constructive federal responses to the nation's needs. It is crucial to keeping the government's commitments to senior citizens of today and tomorrow.

The graph below demonstrates how national priorities for investments in the nation's future have been undermined by the major shift of resources to making interest payments on the federal debt. It compares shares of spending during 1980, the last full fiscal year under the Carter Administration, and those in 1989.

In percentage terms, program spending remained relatively constant while the majority of non-military services was reduced by 46.6 percent to pay for the increased cost of servicing the federal debt.



DATA SOURCES: Budget of the United States Governemtn documents submitted to Congresses by Presidents.

Graph No. 90-3/A/2

Financing of the rapidly rising federal funds deficit and resulting public debt growth during the 1980s was made possible

through massive borrowing, particularly from the reserves of the Social Security trust funds.

Money is flowing out of the Social Security trust funds at a rate of $2,061 every second of every day. The U. S. government is currently writing the largest IOU in the history of man and is placing in jeopardy the ability of the government to keep its promises to pay Social Security benefits.

Estimates are that the IOU could reach almost $1.2 trillion by 1998!

The following table shows the record of borrowing from the Social Security trust funds. It underscores the critical need for reforming the federal budget to insure that when the debts to the trust funds come due the government can pay it.

SOCIAL SECURITY LENDING TO THE FEDERAL GOVERNMENT: End-of-year balances invested in U. S. government securities.
(Dollars in millions)

YEAR	INVESTED BALANCE	YEAR	INVESTED BALANCE
1980	$ 31,251.8	1995	$ 760,427.5
1981	$ 26,647.3	1996	$ 872,300.0
1982	$ 18,684.3	1997	$ 1,025,500.0
1983	$ 30,791.2	1998	$ 1,194,300.0
1984	$ 31,879.4	2000	$ 1,581,800.0
1985	$ 36,674.3	2005	$ 2,892,500.0
1986	$ 45,283.5	2010	$ 4,815,600.0
1987	$ 64,548.4	2015	$ 7,196,100.0
1988	$ 104,482.4	2020	$ 9,575,600.0
1989	$ 156,993.4	2025	$11,355,600.0
1990	$ 218,121.0	2030	$11,929,800.0
1991	$ 298,425.0	2035	$10,832,400.0
1992	$ 391,570.0	2040	$ 7,641,800.0
1993	$ 498,562.0	2045	$ 1,446,100.0
1994	$ 623,207.9	2046	TRUST FUNDS EXHAUSTED

NOTE: Data for 1980-1989 is actual and for 1990-1995 is estimated, based on fiscal years. Data for 1996-2046 is estimated based on calendar years and are from Alternative II-B of The 1989 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Trust Fund and the Federal Disability Insurance Trust Fund.

DATA SOURCES: Historical Tables: Budget of the United States Government, FY 1990, Budget of the United States Government, FY 1991, and The 1989 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Trust Fund and the Federal Disability Insurance Trust Fund.

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The trust funds' money is loaned to the Treasury through purchasing U. S. government securities. Loans must be repaid. The Government will have to pay Social Security back, with

interest, in order for the system to pay future benefits of the "baby boom" generation and its young brothers and sisters.

By borrowing the Social Security trust funds' reserves, the government hides the size of the government's day-to-day operating deficit. Where will the Treasury come up with trillions of dollars to repay these loans?

Richard Darman, director of the President's Office of Management and Budget, recently admitted that there is no plan for paying off the mountain of debt to Social Security.

That was chilling admission and one which proves beyond the shadow of a doubt that we need to take action -- and take it now.

I have taken a step in that direction by introducing two "Truth in Budgeting" bills which will tell the people the truth about the size of the Federal deficit.

How? It is a two-step process.

One will prohibit the current sleight-of-hand accounting method which reduces the deficit by deducting reserves in the Social Security and other trust funds. It would make no other changes. The current deficit calculation system is misleading in that a mountain of debt is being swept under the rug.

The second would require the President to submit his proposed federal budget with the federal funds deficit clearly identified.

Our citizens have a right to know the true financial condition of their government. Pulling the wool over their eyes only delays the day of reckoning and makes the eventual outcome worse.

My "Truth-in-Budgeting" bills will help us face the problem. The alternative is to stick our heads in the sand -- postponing a pay back of the deficit, postponing a plan to pay back Social Security.

To do nothing only puts the burden on the backs of future generations. I believe that's a cowardly act and an act of fiscal irresponsibility possibly unmatched in history.

It's as simple as the government being honest with the people.

The deficit problem and the related problem of pay back for Social Security will not be solved until the American people understand the true dimensions of the problems.

I am convinced that once the light of truth shines on this issue, the people are going to demand action.